

INFORMAL REPORT

COUNTRY Austria/USSR

DATE DISTR. 10 Jan 1949

SUBJECT Economic Activities of ~~the recent~~ Communists

NO. OF PAGES 2

PLACE 25X1A6a

NO. OF ENCLS.
(LISTED BELOW)

ACQUIRED

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DATE OF INFO

SUPPLEMENT TO
REPORT NO.

25X1X6

SOURCE

1. Early in September 1948, ~~the recent~~ conversations took place at various times between a Swiss businessman and the following USIA officials:

Director Albin;
General Director Mikhail Shchedrinsky;
Dr. Hutschenecker of the Central Commercial Office
(Kaufmaennisches Zentralbuero);
Engineer Turnheim, chief purchasing official for the Chemical Administration;
General Director Fellingner of the Light Industries Branch;
Director Janda of the Light Industries Branch;
Dr. Weiss of the Metallurgical Section;
Director Ulrik of the Soviet Oil Administration and Zistersdorf.
2. In addition, general conversations were held concerning trade possibilities with the East with Dr. Soswinski of the Austrian Communist Party and Director Fritz of the Austro-Soviet Society, who is now a director of the Hypothekenbank. The Swiss businessman also held conversations with Engineer Alexander Fuchs and Director Donetzhuber of Juschweschtschtrans.
3. The conversations were conducted on a businesslike basis and the essential topic was that of the materials needed by USIA. These are mostly metals, such as copper, zinc, lead, as well as cotton, jute, and a large variety of chemicals. USIA representatives requested only such materials as are actually needed for USIA's own purposes. There appears to be no plan for importing goods through USIA for further delivery to other eastern countries. The conversations indicated that USIA is seeking more and more to establish close connections with the satellite states. This appears to be true of the Central Commercial Office and the Chemical and Metallurgical sections of USIA. In this connection, Director Albin has offered the Ministry of Trade his assistance in strengthening trade relations between Austria and Romania. The Chemical Section has rather close ties with the Leunawerke in the Soviet Zone of Germany and it appears that certain products from the Soviet Zone of Germany are to be sold to the West via Austria.
4. In its trade with the West, USIA still has no permanent connections except those that which it maintains through Martin Mitterbacher of Mitterbacher & Wagner. The goods which were offered for sale by USIA showed that USIA production in

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in all sectors must be rather good. The Russians appeared to be satisfied with the present situation within USIA firms. The goods which they offered were scrap metals, locomotives, electromotors, cranes, steel construction materials, agricultural machinery, iron products, chemical products, paper, wood, and textiles. Only a small part of these goods are exported with the permission of the Austrian Government. Director Donetzhuber of Juschweschtrans informed the Swiss businessman that a secret agreement has been concluded between the Russian and Czechoslovak railroads on the basis of which USIA ships goods destined for western countries to the railroad stations at Gmuend and Hornberg on the Austro-Czech border where the railroad cars are marked as containing Czech goods in transit through Austria to western Europe. In these cases, the only payments required for the transit freight through Austria are in coal or in Swiss francs. However, since this procedure is somewhat complicated and costly, the Russians are making every effort to obtain regular permits for their exports from the Austrian Government.

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~~()~~ Comment: Director Guenther Hocke (see ~~()~~) of the Ministry of Trade, who has been acting as liaison between the Ministry and the Russians, appears to be limiting his efforts to assisting the Russians to obtain export permits, particularly for scrap metal. Hocke may be accepting bribes from Mitterbacher. It is possible that the Russians will be able to obtain many concessions as a result of bribing personnel within the Ministry of Trade and possibly also personnel within the Ministry of Finance. Dr. Dworschak in the latter Ministry, or someone in his section, may have been bribed by the Russians. Later, they may attempt to place their agents in the National Bank, as well as in the Foreign Ministry. The most active person in building up this pro-Russian block is reportedly Martin Mitterbacher.)

5. In conversations of a general nature with Dr. Soswinski and Dr. Fritz, the latter referred to conversations which the Swiss business representative had held with the prominent Austrian Communists Ernst Fischer and Arpad Haas who is now living in Budapest, and Dr. Soswinski declared that he was ready to open up for the Swiss businessman all his connections in eastern Germany, Hungary, and also in Moscow. A similar statement was received by the Swiss representative from Arpad Haas from Budapest. ~~The above conversations and statement indicate the great desire of the East to obtain goods from western countries.~~

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